

# Fiscal Note

*Fiscal Services Division*



---

**HF 531** – Telehealth, Federal Medicaid Coverage (LSB 2098HV)  
Analyst: Jess Benson (Phone: 515-281-4611) ([jess.benson@legis.state.ia.us](mailto:jess.benson@legis.state.ia.us))  
Fiscal Note Version – New

---

## **Description**

**House File 531** directs the Department of Human Services to submit a State Plan Amendment to the Centers for Medicare and Medicaid Services (CMS) to add telemedicine as a direct covered service under the Medicaid Program. The bill defines “telemedicine” as the delivery and provision of healthcare to patients and the transmission of information related to that care, over distance, using telecommunications.

## **Assumptions**

- Adding telemedicine as a covered service would expand access to Medicaid recipients for a number of specialty services.
- It is assumed that there are a number of providers currently providing telemedicine services for which they are not being currently reimbursed.
- Because telemedicine is a new service, the payment structure is unknown and of the 35 states that do cover telemedicine services reimbursement policies vary widely.
- Telemedicine has the potential to create savings in Medicaid transportation expenditures.
- There have been several federal grants to expand broadband access to rural providers.
- The Federal Medical Assistance Percentage (FMAP) match rate is 38.18% for FY 2012 and 40.00% for FY 2013.

## **Fiscal Impact**

The fiscal impact of adding telemedicine cannot be estimated due to unknown reimbursement policy and volume, but Medicaid would be providing additional payment for the telemedicine components involved in rendering services that are currently provided (e.g., specialist consultations). The addition is anticipated to increase expenditures for the Medicaid program even after any savings are realized due to decreased transportation costs.

Volume is also anticipated to increase as video conference technology becomes less expensive and rural communities have greater access to broadband internet.

## **Sources**

Department of Human Services  
LSA Analysis

---

/s/ Holly M. Lyons

March 9, 2011

---

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the correctional and minority impact statements were prepared pursuant to Code [Section 2.56](#). Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

---